

Office Memorandum • UNITED STATES GOVERNMENT

TO : Comptroller

DATE: 26 FEB 1950

FROM : FMI

SUBJECT: House Report No. 2512 of the 85th Congress, 2nd Session, "Study of Manpower Utilization in Financial Management Functions in the Federal Government"

1. This report was issued by the Subcommittee on Manpower Utilization of the House Committee on Post Office and Civil Service and describes changes in the number of personnel engaged in financial management functions since the enactment of the Budget and Accounting Procedures Act of 1950. Financial management functions include the following activities:

- a. Over-all direction of management functions.
- b. Accounting.
- c. Budget preparation, review and execution.
- d. Disbursing, collecting, and related functions.
- e. Internal auditing.
- f. Financial and cost analysis.
- g. Assembling, processing, and presenting statistical data.
- h. Other reporting functions.
- i. Other financial management functions.

The term financial management as described by the Committee would, in CIA, include all of the activities of the Comptroller's Office, Audit Staff, and operating office budget and fiscal functions.

2. This report is a follow-up of the Subcommittee's earlier program which was designed to develop "(1) suggested steps for immediate reduction in personnel and (2) a plan for the initiation of functional surveys designed to eliminate duplication and unnecessary work." The Committee's program "has stemmed from the demonstrated need for a continuing review of manpower and the impact of frequent organizational changes, reductions in force, reclassifications, upgradings, delegations of authority, duplication of supervision, and other actions upon the civil-service system as well as the individuals involved."

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3. The financial management manpower survey report includes the following: a. A discussion of the Budget and Accounting Procedures Act of 1950, its relationship to the Joint Program for Improving Accounting, and describes the responsibilities of the General Accounting Office, the Bureau of the Budget, and the Treasury Department under that Act (part II), b. A review of the changes in personnel in the financial management functions of the various departments and major agencies (parts III and IV). The review consists of statistics showing the number of personnel performing such functions as of June 30, 1950, and 1957 and a narrative statement giving the reasons for the change. The non-defense agencies in total showed a reduction of 6,902 or 15.4 per cent during the seven year period. The reasons generally were:

- (1) Use of annual allotments and other allotment simplifications.
- (2) Reduced reporting both in types and time periods.
- (3) Use of official accounting records in place of informal office records.
- (4) Decentralization of detailed records.
- (5) Re-organization to merge offices both geographically and functionally.
- (6) Streamlined and simplified procedures.
- (7) Improved training.
- (8) Mechanization of accounting, disbursing, and other processes.
- (9) Curtailment of activities.
- (10) Use of work measurement and cost analysis.

The Defense Department did not show complete comparative figures between 1950 and 1957 but reported on selected units with increases in personnel ranging from 16 to 89 per cent. The Department reported a total of 104,648 persons engaged in financial management functions as of June 30, 1957. The Department gave as its reasons for the increase:

- (1) Legislation designed to improve financial management;
- (2) More specific analysis of fund operations;
- (3) Larger budgets;
- (4) More people, more hardware, and more research.

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The report further stated "In addition, it has been contended that increases in financial management personnel have resulted from the increased complexity of the operations and the technological advances which have been the most rapid in history. There is a question as to whether the Defense Department has sufficient objective measurements to explain the 104,600 employees engaged in financial management functions. The subcommittee at this time does not believe Defense has as yet justified the magnitude of its program in this area." The committee was also critical of dual staffing by civilian and military personnel and failure of the Air Force to complete action on the recommendations of the GAO to improve Air Force Comptroller activities.

c. A short discussion on "Utilization of Electronic Data-Processing Equipment" (part V). This is a new field on which evaluative data is small. The committee felt "there are great possibilities for significant improvements in Government operations where electronic data-processing equipment can be used to process large volumes of data. However, adequate studies by departments and agencies are necessary to assure that there will be maximum utilization of manpower and equipment. ...Without proper planning, the estimated manpower savings can be more than offset by additional equipment rental costs."

d. The "Finding and Recommendations" (part I) appears on pages 3 to 7 of the report and should be read in their entirety.

4. In view of the thoroughness of the committee survey, its comments, and stated intent to follow-up on manpower utilization in financial management functions, it is recommended that a survey along similar lines be conducted as a part of the Agency Financial Management Improvement Program.



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